

## INITIAL STATEMENT OF REASONS

### Title 13, Chapter 1, Division 1

#### Article 3.6 – Business Partner Automation (BPA) Program

The Department of Motor Vehicles (department) proposes to amend Sections 225.00, 225.03, 225.06, 225.09, 225.27, 225.35, 225.36, 225.42, 225.45, 225.54, 225.63, and 225.72 in Article 3.6, Chapter 1, Division 1 of Title 13, California Code of Regulations, relating to the department’s Business Partner Automation (BPA) Program.

Historically, the department is sole provider for collecting fees and issuing documents/indicia for vehicle registration to the public. Senate Bill 46 (Chapter 127, Statutes 2001-Polanco) established the Business Partner Automation (BPA) Program. This bill authorized the department to establish business partner relationships with private sector businesses for completing vehicle registration and titling transactions.

The proposed regulations add the Permanent Fleet Registration (PFR) Program transactions. These transactions add and delete vehicles from the PFR Program. The proposed regulations implement and make specific the requirements for business partners to add PFR transactions to the BPA Program.

#### Usage of Capitalization, Punctuation, and Grammar

In an effort to ensure consistency throughout Chapter 1 of Title 13, the department had determined it necessary to implement standards when citing Vehicle Code sections and sections found in Chapter 1. This action makes amendments to Vehicle Code citations by using a small “s” under such circumstances and will read as ‘Vehicle Code section’ followed by the applicable section number. When citing a CCR section, the language will use capitalization in the citation and will read as “Section xxx.xx of this Article.” When abbreviating United States these regulations, “U.S.” replaces “US.” The word “who” is replaced throughout these regulations by “that” for consistency and clarity. Also, numerous periods and commas are added and removed throughout these regulations to be consistent with actual form names along with standard punctuation rules. These modifications are non-substantive, maintaining consistency and clarity with departmental regulations.

#### Numbering

The proposed language implements number usage to ensure compliance with Business, Transportation and Housing Agency writing style requirements. Throughout this text, the numbers one through ten will be spelled out and numbers 11 and onward will be listed numerically. Exceptions will be made when a number is at the beginning of a sentence, where it will then be spelled out. These amendments are non-substantive and will ensure consistency with departmental regulations.

#### **§225.00. Definitions.**

Subsection (e) is amended to include PFR stickers to the controlled inventory for processing vehicle transactions.

Subsection (i) is amended to make a non-substantive grammatical correction by adding quotations to better identify the term being defined.

Subsection (i)(1) is amended to delete the word “history” as it is confusing and an extra period deleted.

Subsection (i)(2) is amended to delete the word “Statesbook” and substitute “States” as “Statesbook” is not part of the actual title and is confusing.

Subsections (i)(3) and (4) are amended to correct specified document names. Both documents are provided by the vehicle’s manufacturer and the term “Manufacturer’s” is included as part of the title for the two documents.

Subsection (j) is amended to make a non-substantive grammatical change by changing from capital letters in “limited liability company.”

Subsection (k) is added to identify and define the Permanent Fleet Registration (PFR) Program and the participant vehicles added with this regulatory package.

### **§225.03. Application Requirements.**

Subsection (a) (1) is amended to indicate the current revision of Business Partner Automation Application First-Line Business Partner form, REG 4024 (REV 2/2010).

This revised form incorporates the following changes:

- In Part I, entitled Application for First-Line Business Partner, the mailing address, dates and hours of operation are deleted. This information is not needed as the contact person is the representative and the department’s contact that receives letters and telephone calls for the business. The federal identification tax number is now added in Part I.
- Part II, entitled Type of Ownership, is changed by deleting the federal identification tax number which is now in Part I.
- In Part III, now entitled Sole Owner or Corporate Name, the telephone and fax number are deleted. This information is not necessary as the contact information for this business partner is requested in Part IV.
- In Part IV, entitled Contact Person, the requested information remains the same as the previous revision.
- In Part V, entitled Agent for Service of Process which is required if the business’s physical address is located out of the state, the requested information remains the same as the previous revision.
- In Part VI, now entitled Occupational Licensee, which requests the same information as before but was listed in the previous revision as Part VII.
- In Part VII, now entitled Estimated Volume of Transactions You Will Process Annually, was listed in the previous revision as Part VI. In addition, Part VII adds two new transactions: Add to/delete from PFR (Permanent Fleet Registration) and substitute sticker, plate and registration card transaction.

Business Partner Automation (BPA) Program  
Initial Statement of Reasons

- In Part VIII, entitled Names of Employees Who Process The Transactions, the requested information remains the same as the previous revision and allows additional pages to be attached if needed.
- Part IX is now entitled All Physical Location(s) Where DMV Inventory (License Plates, Stickers, Paper) Will be Maintained and was Part X entitled If You Will Be Processing New Vehicle Reports of Sale And Are Not A Licensed California Dealer, The Following Information Is Required in the previous revision. Information requesting the branch license number is deleted as the information is not needed.
- Part X is now entitled Certification and was Part XI in the previous revision. The certification is expanded to remind the applicant that a business partner may be cancelled, suspended, or revoked based on the actions of the business partner. The signature is required to be in blue ink to better identify an original signature.
- Page 2, the Business Partner Automation Declaration is limited to three lines under names for officers, partners, directors, and principal stockholders and under the names for the Limited Liability Company members. The mailing address for this form is now listed on this page.

Subsection (a) (2) is amended to indicate the current revision of Business Partner Automation Application First-Line Service Provider form, REG 4023 (REV 2/2010).

This revised form incorporates the following changes:

- In Part I, entitled Application for First-Line Service Provider, the mailing address, dates and hours of operation are deleted. This information is not needed as the contact person is the representative and the department's contact that receives letters and telephone calls for the business. The federal identification tax number is now added in Part I.
- Part II, now entitled Type of Application, is changed by deleting the federal identification tax number which is now in Part I.
- In Part III, now entitled Sole Owner or Corporate Name, the telephone and fax number are deleted. This information is not necessary as the contact information for this business partner is requested in Part IV.
- In Part IV, now entitled Contact Person with the requested information remaining the same as the previous revision. The contact person must be an authorized designee of the firm.
- In Part V, now entitled Agent for Service of Process which is required if the business's physical address is located out of the state, the requested information remaining the same as the previous revision Part VI.
- In Part VI, now entitled Estimated Volume of Transactions You Will Process Annually, which was listed in the previous revision as Part VII. In addition, Part VI adds two new transactions: Add to/deletes from PFR (Permanent Fleet Registration) and substitute sticker, plate and registration card transaction.

Business Partner Automation (BPA) Program  
Initial Statement of Reasons

- In Part VII, now entitled BPA Administrative Staff, the requested information remains the same as the previous revision in Part VIII entitled Name of Employees Who Process Applications.
- Part VIII is now entitled List the Physical Locations Where Your BPA Interface Services and Hardware Will be Located, which was Part X in the previous revision.
- Part X is now entitled Certification and was Part XI in the previous revision. The certification is expanded to remind the applicant that a business partner may be cancelled, suspended, or revoked based on the actions of the business partner. The signature is required to be in blue ink to better identify an original signature.
- Page 2, the Business Partner Automation Declaration is limited to three lines under names for officers, partners, directors, and principal stockholders and under the names for the Limited Liability Company members. The mailing address for this form is now listed on this page.

Subsection (a) (3) is amended to indicate the current revision of Business Partner Automation Application Second-Line Business Partner, REG 4025 (REV 2/2010).

This revised form incorporates the following changes:

- In Part I, entitled Application for Second-Line Business Partner, the mailing address, dates and hours of operation are deleted. This information is not needed as the contact person is the representative and the department's contact that receives letters and telephone calls for the business. The federal identification tax number is now added in Part I.
- Part II, entitled Type of Ownership, is changed deleting the federal identification tax number which is now in Part I.
- In Part III, now entitled Sole Owner or Corporate Name, the telephone and fax number are deleted. This information is not necessary as the contact information for this business partner is requested in Part IV.
- In Part IV, entitled Contact Person, the requested information remains the same as the previous revision.
- In Part V, entitled Agent for Service of Process which is required if the business's physical address is located out of the state, the requested information remains the same as the previous revision.
- Part VI is now entitled Occupational Licensee. This part requests the same information as before but was listed in the previous revision as Part VII.
- In Part VII, entitled Estimated Volume of Transactions, was listed in the previous revision as Part VI. In addition, Part VII adds two new transactions: Add to/delete from PFR (Permanent Fleet Registration) and substitute sticker, plate and registration card transaction.

Business Partner Automation (BPA) Program  
Initial Statement of Reasons

- In Part VIII, now entitled Names of Employees Who Process Transactions, the requested information remains the same as the previous revision and allows additional pages to be attached if needed.
- Part IX, now entitled All Physical Location(s) Where DMV Inventory (License Plates, Stickers, Paper) Will be Maintained, was Part X in the previous revision. Information requesting the branch license number is deleted as the information is not needed.
- Part X is now entitled Certification and was Part XI in the previous revision. The certification is expanded to remind the applicant that a business partner may be suspended, revoked or terminated based on the actions of the business partner. The signature is required to be in blue ink to better identify an original signature.
- Page 2, the Business Partner Automation Declaration is limited to three lines under names for officers, partners, directors, and principal stockholders and under the names for the Limited Liability Company members. The mailing address for this form is now listed on this page.

Subsection (c) is amended to add incorporation by reference for the Business Partner Automation Program Information Security Pre-Implementation Checklist First-Line Business Partner/First-Line Business Partner Service Provider form, EXEC 5555A (NEW 11/2002) and the Business Partner Automation Program Information Security Pre-Implementation Checklist Second-Line Business Partner form, EXEC 5555B (NEW 11/2002) since the incorporation by reference was omitted previously. Names for both forms are amended to reflect complete and correct form names.

Subsection (d) is amended to indicate the current revision of the Request for Live Scan Service Applicant Submission (License, Certification, Permit Only, or Business Partner Automation Program Participant) form, DMV 8016 (Rev. 2/2008) and is incorporated by reference as it was previously omitted. Names for both forms listed in this subsection are amended to reflect complete and correct form names.

This revised form incorporates the following changes:

- Number 2 in the previous revision is now number 3. The requested information remains the same as in the previous revision.
- Number 2 in the current revision is identified as 2A and 2B. Number 2 was the previous number 4 in the previous revision. The information remains the same.
- The previous number 3 and requested information is deleted.
- Numbers 5 through 27 in the previous revision are now number 4 through 26 in the current revision. All information requested remains the same.

Subsection (d)(1) was revised to accommodate applicants located out of state. Requiring out of state applicants to be printed in their home state will ensure the department receives the most current information regarding their criminal history record.

Subsection (d)(1)(A) was deleted as it is no longer applicable.

Business Partner Automation (BPA) Program  
Initial Statement of Reasons

Subsection (d)(1)(B) is amended to require hardcopy of the fingerprint results and a Statement of Personal History Pre- Implementation Screening Process Business Partner Automation Program Privacy Statement and Instructions to Applicant form, REG 4019 (Rev. 11/2002). The REG 4019 form name was amended as it was listed by the incorrect name previously. The mailing address is added for clarity.

Subsection (e) is amended for grammar and clarity.

Subsection (g) is amended to correctly identify the actual form name.

Subsection (h) is amended to correctly refer to a businesses copy of their Occupational License issued by the department not the form.

Subsection (j) is amended for correct punctuation, grammar and clarity.

**§225.06. Fingerprints.**

Subsection (a) is amended to indicate the current revision date and title of the Request for Live Scan Service Applicant Submission (License, Certification, Permit Only, or Business Partner Automation Program Participant) form, DMV 8016 (REV 2/2008). Changes to the form are discussed above in Section 225.03, subsection (d).

Subsection (a)(1) was deleted since this form DMV 8016 was incorporated by reference in Section 225.03, subsection (d).

Subsection (b) is amended to require hardcopy results submitted rather than the Fingerprint Card form ADM 316 (REV 1/1997) to streamline the process. Fingerprint cards require a lengthy manual process to validate creating a longer approval time for the business partner owner and employee.

Subsection (b)(1) was deleted because fingerprint cards will not be utilized for out-of-state applicants.

**§225.09. Financial Security Requirements.**

Subsection (a) is amended to indicate the correct title of Business Partner Automation Surety Bond (Vehicle Code Section 1685) form, REG 866 (Rev. 11/2008).

Subsection (b)(3) is amended to clarify the existing types of transaction and specify the PFR transactions authorized for business partners. Registered owner transfer, original vessel, vessel transfer, and PFR additions and subtractions were added to list of approved transactions and must be covered by the surety bond.

Subsection (d) is amended to indicate the correct title of Business Partner Deposit Agreement and Assignment (Vehicle Code section 1685 and CCP section 995.710) form, (REG 4029, REV. 10/2008).

**§225.27. Transaction Access.**

Subsections (c) and (c)(1) through (19) are added to identify the transactions available to business partners.

Business Partner Automation (BPA) Program  
Initial Statement of Reasons

Subsection (d) is added to specify that the approved transactions are identified in each business partner's BPA application and contract.

**§225.35. Renewal.**

Subsection (a)(1) is amended to indicate the current revision date of Business Partner Automation Renewal Application form, REG 5056 (REV 2/2010).

This revised form incorporates the following changes:

- In Part I, entitled Application for Business Partner Automation Renewal, the mailing address, dates and hours of operation are deleted. This information is not needed as the contact person is the representative and the department's contact that receives letters and telephone calls for the business. The federal identification tax number is now added in Part I.
- Part II, entitled Security Information, amends the signature requirement for the signature of the Authorized Agent. Instead, a yes or no answer is required on any changes in security documents/floor plans for the business.
- Part III, entitled Type of Ownership, is changed deleting the federal identification tax number which is now in Part I.
- In Part IV, now entitled Sole Owner or Corporate Name, the telephone and fax number are deleted. This information is not necessary as the contact information for the business is requested in Part V.
- In Part V, entitled Contact Person which is required if the business's physical address is located out of the state, the requested information remains the same as the previous revision.
- In Part VI, now entitled Agent for Service of Process, the requested information remains the same as the previous revision.
- In Part VII, entitled Estimated Volume of Transactions You Will Process Annually, adds two new transactions related to the PFR program: Add to/delete from PFR (Permanent Fleet Registration) and substitute sticker, plate and registration card transaction.
- In Part VIII, entitled Names of Employees Who Process Transactions, the requested information remains the same as the previous revision.
- Part IX, now entitled All Physical Location(s) Where DMV Inventory (License Plates, Stickers, Paper) Will be Maintained, was Part X in the previous revision. Information requesting the branch license number is deleted since the information is not needed.
- Part X is now entitled Certification and was Part XI in the previous revision. The signature is required to be in blue ink to better identify an original signature.

Subsection (a)(2) is amended to correctly identify the actual form name.

Subsection (a)(3) is amended to make a non-substantive grammatical change to the form name by capitalizing “occupational license” and removal of form number with revision date as that information is no longer applicable.

Subsection (b) is amended to correctly identify the actual form name. This form is incorporated by reference as it was omitted previously.

**§225.36. Change of First-Line Service Provider.**

Subsection (a) is amended to make a non-substantive grammatical change, clarify the requirements by removing confusing language and add the words “first-line” for clarity. This subsection is also amended to indicate the current revision and correct name of Business Partner Automation Program Service Provider Change Form, REG 4022 (REV 4/2010).

The revised form incorporates the following changes:

- Line three on the form requires the Occupational License number.
- A notation is added after the Effective Date of Change. The notation ensures the partner is aware the effective date of the change must be at least 20 days from the date the form is submitted to the department.
- The perjury statement is updated to match the statement on other departmental forms.
- Disclosure fields for Estimates of Yearly Transaction Volumes and New Vehicle Reports of Sale are deleted since this information is not needed.

The contents of former subsection (b) are moved to subsection (d).

New language to subsection (b) is added to ensure the request is completed, signed and submitted to the BPA Program Administrator no less than 20 days prior to any change of service provider.

Subsection (c) was added to include the timeframe of six months for second line business partners to remain with their current service provider. The timeframe was established due to second line business partners changing service providers every month. Every time a service provider is changed, a new office and site identification must be issued. The current process has become very cumbersome and time consuming for both business and the department. The new requirement streamlines the process.

Subsections (e) through (e)(2) are added to identify the inventory procedures required to change when a business partner changes to another service provider. This is necessary as each service provider is accountable for the inventory it provides to each second line business partner.

Subsection (e)(3) is added to ensure a second-line business partner remains with a new first-line service provider for a minimum of six months.



**§225.42. Business Partner Changes.**

Subsection (a) is amended to indicate the current revision date of Business Partner Automation Program Application for Changes form, REG 4026 (REV 9/2010). Also, the address in this subsection was updated.

The Business Partner Automation Program Application for Changes form, REG 4026 (REV 9/2010) was revised to make it user friendly and to identify actual situations that are being changed.

The revised form incorporates the following changes:

- Name – The words “Business Partner “ were deleted and (the word “business” was replaced with “company.”
- Side A & Side B were deleted.
- Second box - DBA Name was added.
- The sentence “The appropriate fee must accompany the application” was deleted.
- Eighth box was deleted “Change of management/supervising BPA personnel.”
- Ninth box was added – “Change of floorplan and/or adding a terminal.”
- Tenth box was added – “Changing processing address only.”
- First sub-heading – The word “Business” was replaced with “Company.”
- Second sub-heading – The word “Business” was deleted.
- Third sub-heading – Adding or Deleting Employees – reformatted for clarity.
- Fourth sub-heading – Certification – Four signature lines were deleted, leaving only one.

Subsections (a)(2) and (a)(7) are amended to make a non-substantive correction to capitalization.

Subsection (a)(2) is amended to include the DBA to ensure an amended contract is issued reflecting the complete business name of the applicant.

Section (4)(a) is amended to include changing the processing address to ensure the department is aware of where its indicia is being stored and that the applicant has submitted the required security documentation for review and approval by the department’s security office.

Subsection (a)(8) is added to makes sure the floor plans are submitted in sufficient time to be reviewed by the department’s security office for compliance before the move occurs.

**§225.45. Customer Fees.**

Subsection (a) is amended to indicate the current revision date of Business Partner Automation Disclaimer form, REG 4020 (REV 7/2010) and incorporate this form by reference as it was omitted previously in this subsection. Also, EXCEPTIONS: (3) language is deleted that refers to a deleted subsection within the regulations.

Business Partner Automation Disclaimer form, REG 4020 (REV 7/2010) was revised to comply with the Consumer Price Indexing.

Subsection (a)(3) is deleted for consistency.

Subsection (b)(1) is amended changing “that” to “who” for clarity.

Subsection (b)(2), (b)(3), and (b)(4) are deleted. The department initially set the maximum limits based on a survey sent to all BPA business partners in 2001 when the initial regulations were developed and promulgated. The department established the maximum limits by taking the medium set (8 different set monetary amounts) provided in the written survey and telephone discussions with licensed registration services that were allowed to set fees based on business need. The survey did not include dealers restricted to charging the documentation fee identified in California Vehicle Code Section 11713.1. Additionally, the survey did not include licensed dismantlers as these businesses did not charge customers a fee for disposing vehicles.

The maximum fee limit is removed for all the participants except licensed vehicle dealers and licensed dismantlers. This change allows registration services participating in the BPA program parity with non BPA registration services that have unrestricted fees. More registration service businesses may become interested in the BPA program due to removal of the maximum fee limit.

The maximum fee limit removal is not applicable to licensed vehicle dealers. Licensed vehicle dealers are authorized to charge customers a \$55 documentation fee; therefore, allowing licensed vehicle dealers to increase the BPA service fee may be considered excessive and unfair to the consumer. The maximum fee limit removal is not applicable to licensed dismantlers. Licensed dismantlers process the transactions electronically which is more beneficial to the business than the consumer. The existing fee covers licensed dismantlers cost to participate in the BPA program.

Subsection (c) is renumbered to subsection (b). This subsection is amended by: “that” is changed to “who” for clarity; “are” is changed to “is” for correct grammar; and to correct capitalization error.

**§225.54. Transaction Procedures and Inventory Requirements.**

This section is amended to remove quotation marks from BPA Transaction Procedures and Inventory Requirements Handbook and updates the revision date from March 2009 to November 2010. This revision reformats the handbook into three parts, with chapters numbered instead of alphabetized and one inventory requirement chapter renamed. All chapter content revised to improve clarity as well as to more concisely represent current BPA procedures. Each chapter is formatted to include an introduction specific to the chapter.

**§225.63. Audit Requirements.**

Subsections (a)(1), (a)(1)(A), and (a)(1)(B) are deleted to eliminate business partner audit self certification form requirement. This changed requirement streamlines the process.

Subsection (b) is amended to indicate the current revision date and correct the form name for the Registration Operations Branch Business Partner Automation Program Representative Non-Disclosure Statement form, REG 4028 (REV 4/2003). This subsection is also amended to incorporate this form by reference as it was omitted previously in this subsection.

Registration Operations Branch Business Partner Automation Program Representative Non-Disclosure Statement form, REG 4028 (REV 4/2003) was revised to add the word “other” to third paragraph, next to last sentence of the oath.

Subsection (b)(1) is amended to correct the form name.

Subsection (b)(2) is deleted for consistency.

Subsection (c) is amended to update the address.

**§225.72. Voluntary Closing.**

Subsection (a)(2) is amended to incorporate Physical Inventory (Non-DMV Entities) form, ADM175A (Rev. 2/2000) by reference as it was omitted previously.

Subsections (a)(3) and (a)(4) are amended to clarify that the accountable inventory is related to the unassigned inventory and not the inventory assigned to a vehicle in which the transaction was processed.

Subsection (a)(5) is amended to clarify that the controlled inventory is related to the unassigned inventory and not the inventory assigned to a vehicle in which the transaction was processed.

Subsections (b)(4) and (b)(5) are amended to clarify that the accountable inventory is related to the unassigned inventory and not the inventory assigned to a vehicle in which the transaction was processed.